

**STATE BOARD OF ACCOUNTS**  
**302 West Washington Street**  
**Room E418**  
**INDIANAPOLIS, INDIANA 46204-2769**

AUDIT REPORT

OF

HAMILTON SOUTHEASTERN SCHOOLS

HAMILTON COUNTY, INDIANA

July 1, 2005 to June 30, 2007



**FILED**

03/31/2008



## TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials .....	2
Independent Auditor's Report on Financial Statements and Supplementary Schedule of Expenditures of Federal Awards .....	3-4
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards .....	5-6
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Activities and Net Assets - Cash and Investment Basis.....	7-8
Fund Financial Statements:	
Governmental Funds:	
Statement of Assets and Fund Balances and Receipts, Disbursements, and Changes in Fund Balances – Cash and Investment Basis – Governmental Funds .....	9-10
Fiduciary Funds:	
Statement of Additions, Deductions, and Changes in Cash and Investment Balances – Fiduciary Funds .....	11-12
Notes to Financial Statements .....	13-23
Required Supplementary Information:	
Schedule of Funding Progress .....	24
Supplementary Information:	
Combining Schedule of Assets and Fund Balances and Receipts, Disbursements, and Changes in Fund Balances – Cash and Investment Basis – Other Governmental Funds.....	25-35
Schedule of Capital Assets.....	36
Schedule of Long-Term Debt .....	37
Audit Result and Comment:	
Disbursement Documentation .....	38
Supplemental Audit of Federal Awards:	
Independent Auditor's Report on Compliance With Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance With OMB Circular A-133.....	40-41
Schedule of Expenditures of Federal Awards .....	42-43
Notes to Schedule of Expenditures of Federal Awards.....	44
Schedule of Findings and Questioned Costs .....	45
Auditee Prepared Schedule:	
Summary Schedule of Prior Audit Findings .....	46
Exit Conference.....	47
Summary .....	49

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Michael Reuter	07-01-05 to 06-30-08
Superintendent of Schools	Concetta A. Raimondi	07-01-05 to 02-22-08
President of the School Board	Susan G. Dilley Robert Keck Jeffrey Sturgis	07-01-05 to 06-30-06 07-01-06 to 06-30-07 07-01-07 to 06-30-08



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS  
302 WEST WASHINGTON STREET  
ROOM E418  
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513  
Fax: (317) 232-4711  
Web Site: [www.in.gov/sboa](http://www.in.gov/sboa)

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS  
AND SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

TO: THE OFFICIALS OF THE HAMILTON SOUTHEASTERN  
SCHOOLS, HAMILTON COUNTY, INDIANA

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Hamilton Southeastern Schools (School Corporation), as of and for the years ended June 30, 2006 and 2007, which collectively comprise the School Corporation's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the School Corporation's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As discussed in Note I, the School Corporation prepares its financial statements on the prescribed basis of accounting that demonstrates compliance with the cash and investment basis and budget laws of the State of Indiana, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash and investment balances of the governmental activities, each major fund, and the aggregate remaining fund information of the School Corporation as of June 30, 2006 and 2007, and the respective cash receipts and cash disbursements during the years then ended on the basis of accounting described in Note I.

In accordance with Government Auditing Standards, we have also issued a report dated February 4, 2008, on our consideration of the School Corporation's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. Our report on compliance and on internal control over financial reporting should be read along with this report.

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS  
AND SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
(Continued)

Our audit was performed for the purpose of forming an opinion on the basic financial statements of the School Corporation taken as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The Schedule of Funding Progress, as listed in the Table of Contents, is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management, regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

The School Corporation has not presented Management's Discussion and Analysis or Budgetary Comparison Schedules that accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the basic financial statements.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School Corporation's basic financial statements. The Combining Schedules, as listed in the Table of Contents, Schedule of Capital Assets, and Schedule of Long-Term Debt are presented for additional analysis and are not required parts of the basic financial statements. The Combining Schedules, as listed in the Table of Contents, have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The Schedule of Capital Assets and Schedule of Long-Term Debt have not been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, accordingly, we express no opinion on them.

STATE BOARD OF ACCOUNTS

February 4, 2008



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS  
302 WEST WASHINGTON STREET  
ROOM E418  
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513  
Fax: (317) 232-4711  
Web Site: [www.in.gov/sboa](http://www.in.gov/sboa)

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON  
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

TO: THE OFFICIALS OF THE HAMILTON SOUTHEASTERN  
SCHOOLS, HAMILTON COUNTY, INDIANA

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Hamilton Southeastern Schools (School Corporation), as of and for the years ended June 30, 2006 and 2007, which collectively comprise the School Corporation's basic financial statements and have issued our report thereon dated February 4, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the School Corporation's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School Corporation's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the School Corporation's internal control over financial reporting.

Our consideration of the internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON  
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS  
(Continued)

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be significant deficiencies or material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School Corporation's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

This report is intended solely for the information and use of the School Corporation's management, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

February 4, 2008

HAMILTON SOUTHEASTERN SCHOOLS  
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS  
For the Year Ended June 30, 2006

<u>Functions/Programs</u>	<u>Disbursements</u>	Program Receipts		<u>Net (Disbursement) Receipts and Changes in Net Assets</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Totals</u>
Governmental activities:				
Instruction	\$ 37,494,894	\$ -	\$ 256,033	\$ (37,238,861)
Support services	64,766,806	5,403,880	834,979	(58,527,947)
Community services	164,812	-	-	(164,812)
Nonprogrammed charges	1,640,746	-	-	(1,640,746)
Debt service	44,816,754	-	-	(44,816,754)
	<u>\$ 148,884,012</u>	<u>\$ 5,403,880</u>	<u>\$ 1,091,012</u>	<u>(142,389,120)</u>
General receipts:				
Property taxes				81,070,121
Other local sources				10,193,452
State aid				33,162,589
Bonds and loans				16,230,614
Grants and contributions not restricted to specific programs				1,266,999
Sale of property, adjustments, and refunds				406,598
Investment earnings				1,739,455
				<u>144,069,828</u>
Total general receipts				<u>144,069,828</u>
Change in net assets				1,680,708
Net assets - beginning				<u>44,400,848</u>
Net assets - ending				<u>\$ 46,081,556</u>
<u>Assets</u>				
Cash and investments				\$ 43,006,695
Restricted assets:				
Cash and investments				<u>3,074,861</u>
Total assets				<u>\$ 46,081,556</u>
<u>Net Assets</u>				
Restricted for:				
Debt service				\$ 3,074,861
Unrestricted				<u>43,006,695</u>
Total net assets				<u>\$ 46,081,556</u>

The notes to the financial statements are an integral part of this statement.

HAMILTON SOUTHEASTERN SCHOOLS  
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS  
For the Year Ended June 30, 2007

<u>Functions/Programs</u>	<u>Disbursements</u>	Program Receipts		<u>Net (Disbursement) Receipts and Changes in Net Assets</u>
		Charges for Services	Operating Grants and Contributions	<u>Totals</u>
Governmental activities:				
Instruction	\$ 43,289,311	\$ -	\$ 288,149	\$ (43,001,162)
Support services	70,108,522	5,992,468	803,851	(63,312,203)
Community services	373,714	-	-	(373,714)
Nonprogrammed charges	1,753,677	-	-	(1,753,677)
Debt service	48,908,010	-	-	(48,908,010)
Total governmental activities	\$ 164,433,234	\$ 5,992,468	\$ 1,092,000	(157,348,766)
General receipts:				
Property taxes				61,096,066
Other local sources				9,125,621
State aid				36,254,916
Bonds and loans				12,509,750
Grants and contributions not restricted to specific programs				1,832,867
Sale of property, adjustments, and refunds				647,872
Investment earnings				1,954,388
Total general receipts				123,421,480
Change in net assets				(33,927,286)
Net assets - beginning				46,081,556
Net assets - ending				\$ 12,154,270
<u>Assets</u>				
Cash and investments				\$ 9,575,772
Restricted assets:				
Cash and investments				2,578,498
Total assets				\$ 12,154,270
<u>Net Assets</u>				
Restricted for:				
Debt service				\$ 2,578,498
Unrestricted				9,575,772
Total net assets				\$ 12,154,270

The notes to the financial statements are an integral part of this statement.

HAMILTON SOUTHEASTERN SCHOOLS  
STATEMENT OF ASSETS AND FUND BALANCES AND RECEIPTS,  
DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
GOVERNMENTAL FUNDS  
For the Year Ended June 30, 2006

	General	Transportation Operating	Rainy Day Fund	Debt Service	Capital Projects	School Bus Replacement	Other	Totals
<b>Receipts:</b>								
Local sources	\$ 44,535,624	\$ 5,579,948	\$ -	\$ 25,644,084	\$ 13,937,585	\$ 2,340,945	\$ 6,366,192	\$ 98,404,378
Intermediate sources	2,526	-	-	-	-	-	-	2,526
State sources	33,377,402	-	-	-	-	-	653,596	34,030,998
Federal sources	-	-	-	-	-	-	1,489,601	1,489,601
Bonds and loans	16,100,000	-	-	130,614	-	-	-	16,230,614
Sale of property, adjustments and refunds	13,833	-	-	-	392,772	-	-	406,605
Interfund loans	4,225,000	2,325,000	-	-	-	2,370,000	-	8,920,000
<b>Total receipts</b>	<b>98,254,385</b>	<b>7,904,948</b>	<b>-</b>	<b>25,774,698</b>	<b>14,330,357</b>	<b>4,710,945</b>	<b>8,509,389</b>	<b>159,484,722</b>
<b>Disbursements:</b>								
<b>Current:</b>								
Instruction	36,379,941	-	-	-	-	-	1,114,956	37,494,897
Support services	36,343,428	5,617,000	-	-	13,151,493	2,375,460	7,279,424	64,766,805
Community services	158,721	-	-	-	-	-	6,092	164,813
Nonprogrammed charges	1,640,746	-	-	-	-	-	-	1,640,746
Debt services	21,895,000	1,950,000	-	27,230,929	-	2,275,000	385,824	53,736,753
<b>Total disbursements</b>	<b>96,417,836</b>	<b>7,567,000</b>	<b>-</b>	<b>27,230,929</b>	<b>13,151,493</b>	<b>4,650,460</b>	<b>8,786,296</b>	<b>157,804,014</b>
Excess (deficiency) of receipts over disbursements	1,836,549	337,948	-	(1,456,231)	1,178,864	60,485	(276,907)	1,680,708
<b>Other financing sources (uses):</b>								
Transfers in	-	127,541	2,000,000	-	-	-	29,583	2,157,124
Transfers out	-	-	-	(127,541)	(2,000,000)	-	(29,583)	(2,157,124)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>127,541</b>	<b>2,000,000</b>	<b>(127,541)</b>	<b>(2,000,000)</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	1,836,549	465,489	2,000,000	(1,583,772)	(821,136)	60,485	(276,907)	1,680,708
Cash and investments - beginning	17,527,297	1,650,133	7,000,000	4,475,020	10,705,440	1,254,958	1,788,000	44,400,848
Cash and investments - ending	\$ 19,363,846	\$ 2,115,622	\$ 9,000,000	\$ 2,891,248	\$ 9,884,304	\$ 1,315,443	\$ 1,511,093	\$ 46,081,556
<b>Cash and Investment Assets - Ending</b>								
Cash and investments	\$ 19,363,846	\$ 2,115,622	\$ 9,000,000	\$ -	\$ 9,884,304	\$ 1,315,443	\$ 1,327,480	\$ 43,006,695
Restricted assets:								
Cash and investments	-	-	-	2,891,248	-	-	183,613	3,074,861
<b>Total cash and investment assets - ending</b>	<b>\$ 19,363,846</b>	<b>\$ 2,115,622</b>	<b>\$ 9,000,000</b>	<b>\$ 2,891,248</b>	<b>\$ 9,884,304</b>	<b>\$ 1,315,443</b>	<b>\$ 1,511,093</b>	<b>\$ 46,081,556</b>
<b>Cash and Investment Fund Balance - Ending</b>								
Restricted for:								
Debt service	\$ -	\$ -	\$ -	\$ 2,891,248	\$ -	\$ -	\$ 183,613	\$ 3,074,861
Unrestricted	19,363,846	2,115,622	9,000,000	-	9,884,304	1,315,443	1,327,480	43,006,695
<b>Total cash and investment fund balance - ending</b>	<b>\$ 19,363,846</b>	<b>\$ 2,115,622</b>	<b>\$ 9,000,000</b>	<b>\$ 2,891,248</b>	<b>\$ 9,884,304</b>	<b>\$ 1,315,443</b>	<b>\$ 1,511,093</b>	<b>\$ 46,081,556</b>

The notes to the financial statements are an integral part of this statement.

HAMILTON SOUTHEASTERN SCHOOLS  
STATEMENT OF ASSETS AND FUND BALANCES AND RECEIPTS,  
DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
GOVERNMENTAL FUNDS  
For the Year Ended June 30, 2007

	General	Transportation Operating	Rainy Day Fund	Debt Service	Capital Projects	School Bus Replacement	Other	Totals
<b>Receipts:</b>								
Local sources	\$ 34,744,368	\$ 4,598,224	\$ -	\$ 20,174,733	\$ 10,033,499	\$ 1,644,505	\$ 6,945,192	\$ 78,140,521
Intermediate sources	28,020	-	-	-	-	-	-	28,020
State sources	36,500,139	-	-	-	-	-	727,815	37,227,954
Federal sources	-	-	-	-	-	-	1,951,829	1,951,829
Bonds and loans	12,500,000	-	-	9,750	-	-	-	12,509,750
Sale of property, adjustments and refunds	81,244	-	-	-	566,630	-	-	647,874
Interfund loans	6,695,000	2,595,000	-	12,000,000	-	2,230,000	475,000	23,995,000
<b>Total receipts</b>	<b>90,548,771</b>	<b>7,193,224</b>	<b>-</b>	<b>32,184,483</b>	<b>10,600,129</b>	<b>3,874,505</b>	<b>10,099,836</b>	<b>154,500,948</b>
<b>Disbursements:</b>								
<b>Current:</b>								
Instruction	41,749,727	-	-	-	-	-	1,539,584	43,289,311
Support services	41,252,518	6,525,281	-	21,083	12,134,230	2,195,738	7,979,672	70,108,522
Community services	365,833	-	-	-	-	-	7,881	373,714
Nonprogrammed charges	1,753,677	-	-	-	-	-	-	1,753,677
Debt services	21,200,000	2,325,000	10,000,000	32,415,948	4,200,000	2,370,000	392,062	72,903,010
<b>Total disbursements</b>	<b>106,321,755</b>	<b>8,850,281</b>	<b>10,000,000</b>	<b>32,437,031</b>	<b>16,334,230</b>	<b>4,565,738</b>	<b>9,919,199</b>	<b>188,428,234</b>
Excess (deficiency) of receipts over disbursements	(15,772,984)	(1,657,057)	(10,000,000)	(252,548)	(5,734,101)	(691,233)	180,637	(33,927,286)
<b>Other financing sources (uses):</b>								
Transfers in	-	127,541	1,000,000	-	-	-	27,789	1,155,330
Transfers out	-	-	-	(127,541)	(1,000,000)	-	(27,789)	(1,155,330)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>127,541</b>	<b>1,000,000</b>	<b>(127,541)</b>	<b>(1,000,000)</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(15,772,984)	(1,529,516)	(9,000,000)	(380,089)	(6,734,101)	(691,233)	180,637	(33,927,286)
Cash and investments - beginning	19,363,846	2,115,622	9,000,000	2,891,248	9,884,304	1,315,443	1,511,093	46,081,556
Cash and investments - ending	\$ 3,590,862	\$ 586,106	\$ -	\$ 2,511,159	\$ 3,150,203	\$ 624,210	\$ 1,691,730	\$ 12,154,270
<b>Cash and Investment Assets - Ending</b>								
Cash and investments	\$ 3,590,862	\$ 586,106	\$ -	\$ -	\$ 3,150,203	\$ 624,210	\$ 1,624,391	\$ 9,575,772
Restricted assets:								
Cash and investments	-	-	-	2,511,159	-	-	67,339	2,578,498
<b>Total cash and investment assets - ending</b>	<b>\$ 3,590,862</b>	<b>\$ 586,106</b>	<b>\$ -</b>	<b>\$ 2,511,159</b>	<b>\$ 3,150,203</b>	<b>\$ 624,210</b>	<b>\$ 1,691,730</b>	<b>\$ 12,154,270</b>
<b>Cash and Investment Fund Balance - Ending</b>								
Restricted for:								
Debt service	\$ -	\$ -	\$ -	\$ 2,511,159	\$ -	\$ -	\$ 67,339	\$ 2,578,498
Unrestricted	3,590,862	586,106	-	-	3,150,203	624,210	1,624,391	9,575,772
<b>Total cash and investment fund balance - ending</b>	<b>\$ 3,590,862</b>	<b>\$ 586,106</b>	<b>\$ -</b>	<b>\$ 2,511,159</b>	<b>\$ 3,150,203</b>	<b>\$ 624,210</b>	<b>\$ 1,691,730</b>	<b>\$ 12,154,270</b>

The notes to the financial statements are an integral part of this statement.

HAMILTON SOUTHEASTERN SCHOOLS  
STATEMENT OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES  
FIDUCIARY FUNDS  
For the Year Ended June 30, 2006

	<u>Pension Trust Funds</u>	<u>Private-Purpose Trust Funds</u>
Additions:		
Contributions:		
Other	\$ -	\$ 2,000
Deductions:		
Benefits	133,669	-
Administrative and general	-	2,166
Total deductions	<u>133,669</u>	<u>2,166</u>
Deficiency of total additions over total deductions	(133,669)	(166)
Cash and investment fund balance - beginning	<u>2,130,258</u>	<u>166</u>
Cash and investment fund balance - ending	<u>\$ 1,996,589</u>	<u>\$ -</u>
Net assets:		
Cash and investments	<u>\$ 1,996,589</u>	<u>\$ -</u>
Total net assets - cash and investment basis held in trust	<u>\$ 1,996,589</u>	<u>\$ -</u>

The notes to the financial statements are an integral part of this statement.

HAMILTON SOUTHEASTERN SCHOOLS  
STATEMENT OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES  
FIDUCIARY FUNDS  
For the Year Ended June 30, 2007

	<u>Pension Trust Funds</u>	<u>Private-Purpose Trust Funds</u>
Additions:		
Contributions:		
Other	\$ -	\$ 821
Deductions:		
Benefits	181,159	-
Administrative and general	-	450
Total deductions	<u>181,159</u>	<u>450</u>
Excess (deficiency) of total additions over total deductions	(181,159)	371
Cash and investment fund balance - beginning	<u>1,996,589</u>	-
Cash and investment fund balance - ending	<u>\$ 1,815,430</u>	<u>\$ 371</u>
Net assets:		
Cash and investments	<u>\$ 1,815,430</u>	<u>\$ 371</u>
Total net assets - cash and investment basis held in trust	<u>\$ 1,815,430</u>	<u>\$ 371</u>

The notes to the financial statements are an integral part of this statement.

HAMILTON SOUTHEASTERN SCHOOLS  
NOTES TO FINANCIAL STATEMENTS

I. Summary of Significant Accounting Policies

A. Reporting Entity

School Corporation, as used herein, shall include, but is not limited to, school townships, school towns, school cities, consolidated school corporations, joint schools, metropolitan school districts, township school districts, county schools, united schools, school districts, cooperatives, educational service centers, community schools, community school corporations, and charter schools.

The School Corporation was established under the laws of the State of Indiana. The School Corporation operates under a Board of School Trustees form of government and provides educational services.

The School Corporation's financial reporting entity is composed of the following:

Primary Government: Hamilton Southeastern Schools

In determining the financial reporting entity, the School Corporation complies with the provisions of GASB Statement No. 14, *The Financial Reporting Entity*.

Joint Venture

The School Corporation is a participant with Carmel-Clay School Corporation, Frankton-Lapel School Corporation, Hamilton-Heights School Corporation, Marion-Adams School Corporation, Noblesville Schools, and Westfield-Washington School Corporation in a joint venture to operate the Hamilton-Boone-Madison Special Services (Co-op) which was created to provide instruction for handicapped children. The Co-op's continued existence depends on continued funding by the School Corporation. Complete financial statements for the Co-op can be obtained at 5201 E. 131<sup>st</sup> Street, Carmel, Indiana 46033.

B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

The Statements Activities and Net Assets – Cash and Investment Basis display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues.

Fund Financial Statements

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitutes its assets, liabilities, fund equity, receipts, and disbursements. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. However, at this time, the School Corporation has not established any enterprise funds.

HAMILTON SOUTHEASTERN SCHOOLS  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

The School Corporation reports the following major governmental funds:

The general fund is the primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The transportation operating fund accounts for financial resources for the transportation of school children to and from school.

The rainy day fund is used to account for funds in accordance with IC 36-1-8-5.1 and a locally adopted resolution.

The debt service fund accounts for debt from funds borrowed or advanced for the purchase or lease of school buildings, school buses, judgments against the corporation, equipment or capital construction, and interest on emergency and temporary loans.

The capital projects fund accounts for planned construction, repair, replacement or remodeling; and the purchase, lease, upgrade, maintenance, or repair of computer equipment.

The school bus replacement fund is used to account for receipts and disbursements concerning the acquisition and disposal of school buses.

Additionally, the School Corporation reports the following fund types:

The pension trust funds account for bonds and payments anticipated to be made to employees on or after the termination of employment or to pay post-retirement or severance benefits held by the School Corporation in a trustee capacity.

The private-purpose trust fund reports a trust arrangement under which principal and income benefit the support of initiatives in developing cultural competencies.

C. Measurement Focus and Basis of Accounting

The government-wide, governmental fund, proprietary fund, and fiduciary fund financial statements are reported using the basis of accounting that demonstrates compliance with the cash and investment basis and budget laws of the State of Indiana, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Receipts are recorded when received and disbursements are recorded when paid.

The cash and investment basis of accounting differs from accounting principles generally accepted in the United States of America in that receipts are recognized when received in cash rather than when earned and disbursements are recognized when paid rather than when a liability is incurred. Investment transactions are not presented on the financial statements.

If the School Corporation utilized the basis of accounting recognized as generally accepted, the fund financial statements for governmental funds would use the modified accrual basis of accounting, while the fund financial statements for proprietary fund types would use the accrual basis of accounting. All government-wide financials would be presented on the accrual basis of accounting.

HAMILTON SOUTHEASTERN SCHOOLS  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes. Elimination of these charges would distort the direct costs and program receipts reported for the various functions concerned.

Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Goods or services from such activities are provided to people outside the government (enterprise funds) or other departments or agencies primarily within the government (internal service funds). The School Corporation does not have any enterprise funds.

When both restricted and unrestricted resources are available for use, the School Corporation's policy is to use restricted resources first, then unrestricted resources as they are needed.

D. Assets and Cash and Investment Balances

1. Cash and Investments

Investments are stated at cost. Any changes in fair value of the investments are reported as interest receipts in the year of the sale of the investment.

2. Property Taxes

Property taxes levied are collected by the County Treasurer and are distributed to the School Corporation in June and in December. State statute (IC 6-1.1-17-16) requires the Indiana Department of Local Government Finance to establish property tax rates and levies by February 15. These rates were based upon the preceding year's March 1 (lien date) assessed valuations adjusted for various tax credits. Taxable property is assessed at 100% of the true tax value (determined in accordance with rules and regulations adopted by the Indiana Department of Local Government Finance). Taxes may be paid in two equal installments which become delinquent if not paid by May 10 and November 10, respectively. All property taxes collected by the County Treasurer and available for distribution were distributed to the School Corporation on or prior to June 30 of the year collected.

3. Compensated Absences

a. Sick Leave

Certified personnel are authorized 10 days for the school year. Unused sick leave may be accumulated indefinitely.

Aides are authorized 5 days per year, cumulative to 20 days.

Office staff (general secretaries, treasurers), are authorized 7 days per year, cumulative to 60 days.

Central support staff and custodians are authorized 10 days per year, cumulative to 60 days.

HAMILTON SOUTHEASTERN SCHOOLS  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Bus drivers are authorized 4 days per year, cumulative to 35 days.

Accumulated sick leave is not paid to employees upon termination.

b. Vacation Leave

Nonteaching or administrative and noncertified School Corporation employees earn vacation leave at rates from 10 days to 30 days per year based upon the number of years of service. Vacation leave does not accumulate from year to year. Accumulated vacation leave is not paid to employees upon termination.

c. Personal Leave

School Corporation employees earn personal leave at the rate of 1 to 4 days per year. Unused personal leave days are added to sick leave.

4. Capital Assets

Capital assets arising from cash transactions acquired for use in governmental or proprietary fund operations are accounted for as capital outlay disbursements of the fund upon acquisition.

5. Long-Term Debt

Long-term debt arising from cash basis transactions of governmental and proprietary funds is not reported as liabilities in the basic financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as disbursements.

6. Equity Classification

Government-Wide Statements

Equity is classified as net assets and displayed in two components:

- a. Restricted net assets – Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments, or (2) law through constitutional provisions or enabling legislation.
- b. Unrestricted net assets – All other net assets that do not meet the definition of "restricted."

It is the School Corporation's policy to first use restricted net assets prior to the use of unrestricted net assets when a disbursement is incurred for purposes for which both restricted and unrestricted net assets are available.

Fund Financial Statements

Governmental fund equity is classified as fund balance.

HAMILTON SOUTHEASTERN SCHOOLS  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

E. Receipts and Disbursements

1. Program Receipts

Amounts reported as program receipts include (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general receipts rather than as program receipts. Likewise, general receipts include all taxes.

2. Operating Receipts and Disbursements

Operating receipts and disbursements for proprietary funds and the similar discretely presented component unit result from providing services and producing and delivering goods and/or services. They also include all receipts and disbursements not related to capital and related financing, noncapital financing, or investing activities.

F. Internal and Interfund Balances and Activities

In the process of aggregating the financial information for the government-wide Statement Activities and Net Assets – Cash and Investment Basis, some amounts reported as interfund activity and balances in the fund financial statements have been eliminated or reclassified.

Fund Financial Statements

1. Interfund services – Sales or purchases of goods and services between funds are reported as receipts and disbursements.
2. Interfund reimbursements – Repayments from funds responsible for certain disbursements to the funds that initially paid for them are not reported as reimbursements but as adjustments to disbursements in the respective funds.
3. Interfund transfers – Flow of assets from one fund to another where repayment is not expected is reported as transfers in and out.

Government-Wide Financial Statements

Interfund activity and balances, if any, are eliminated or reclassified in the government-wide financial statements as follows:

Internal activities – Amounts reported as interfund transfers in the fund financial statements are eliminated in the government-wide Statement Activities and Net Assets – Cash and Investment Basis except for the net amount of transfers between governmental and business-type activities, which are reported as Transfers – Internal Activities. The effects of interfund services between funds, if any, are not eliminated in the Statement Activities and Net Assets – Cash and Investment Basis.

HAMILTON SOUTHEASTERN SCHOOLS  
 NOTES TO FINANCIAL STATEMENTS  
 (Continued)

II. Stewardship, Compliance and Accountability

Budgetary Information

Annual budgets are adopted on the cash basis, which is not consistent with accounting principles generally accepted in the United States of America. All annual appropriations lapse at calendar year end.

Prior to the first required publication, the fiscal officer of the School Corporation submits to the governing board a proposed operating budget for the year commencing the following July 1. Prior to adoption, the budget is advertised and public hearings are conducted by the governing board to obtain taxpayer comments. In September of each year, the governing board, through the passage of a resolution/ordinance, approves the budget for the next year. Copies of the budget resolution/ordinance and the advertisement for funds for which property taxes are levied or highway use taxes are received are sent to the Indiana Department of Local Government Finance. The budget becomes legally enacted after the fiscal officer of the School Corporation receives approval of the Indiana Department of Local Government Finance.

The School Corporation's management cannot transfer budgeted appropriations between object classifications of a budget without approval of the governing board. The Indiana Department of Local Government Finance must approve any revisions to the appropriations for any fund or any department of the General Fund. The legal level of budgetary control is by object and department within the fund for the General Fund and by object within the fund for all other budgeted funds.

III. Detailed Notes on All Funds

A. Deposits and Investments

1. Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. Indiana Code 5-13-8-1 allows a political subdivision of the State of Indiana to deposit public funds in a financial institution only if the financial institution is a depository eligible to receive state funds and has a principal office or branch that qualifies to receive public funds of the political subdivision. At June 30, 2007, the bank balance held at Key Bank in the amount of \$31,892,661 was collateralized with securities held by the pledging financial institution's trust department or agent but not in the depositor-School Corporation's name. The remaining bank balances were insured by the Federal Deposit Insurance Corporation or the Public Deposit Insurance Fund, which covers all public funds held in approved depositories.

2. Investments

Authorization for investment activity is stated in Indiana Code 5-13. As of June 30, 2007, the School Corporation had the following investments:

<u>Investment Type</u>	<u>Market Value</u>
Repurchase agreements	<u>\$ 31,892,661</u>

HAMILTON SOUTHEASTERN SCHOOLS  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Investment Policies

Indiana Code 5-13-9 authorizes the School Corporation to invest in securities backed by the full faith and credit of the United States Treasury or fully guaranteed by the United States of America and issued by the United States Treasury, a federal agency, a federal instrumentality, or a federal government sponsored enterprise. Indiana Code also authorizes the School Corporation to invest in securities fully guaranteed and issued by a federal agency, a federal instrumentality or a federal government sponsored enterprise. These investments are required by statute to have a stated final maturity of not more than two years.

Indiana Code also provides for investment in money market mutual funds that are in the form of securities of, or interest in, an open-end, no-load, management-type investment company or investment trust registered under the provision of the federal Investment Company Act of 1940, as amended. Investments in money market mutual funds may not exceed 50% of the funds held by the School Corporation and available for investment. The portfolio of an investment company or investment trust used must be limited to direct obligations of the United States of America, obligations issued by a federal agency, a federal instrumentality, or a federal government sponsored enterprise or repurchase agreements fully collateralized by direct obligations of the United States of America or obligations issued by a federal agency, a federal instrumentality, or a federal government sponsored enterprise. The form of securities of, or interest in, an investment company or investment trust must be rated as AAA, or its equivalent by Standard and Poor's Corporation or its successor or Aaa, or its equivalent, by Moody's Investors Service, Inc., or its successor. The form of securities in an investment company or investment trust should have a stated final maturity of one day.

Additionally, the School Corporation may enter into repurchase agreements with depositories designated by the State Board of Finance as depositories for state deposits involving the School Corporation's purchase and guaranteed resale of any interest-bearing obligations issued or fully insured or guaranteed by the United States of America, a United States of America government agency, an instrumentality of the United States of America, or a federal government sponsored enterprise. The repurchase agreement is considered to have a stated final maturity of one day. This agreement must be fully collateralized by interest-bearing obligations as determined by their current market value.

Investment Custodial Credit Risk

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The School Corporation does not have a formal investment policy for custodial credit risk for investments. At June 30, 2007, the School Corporation held investments in repurchase agreements in the amount of \$31,892,661. Of these investments \$31,892,661 were held by the counterparty's trust department or agent but not in the School Corporation's name.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The School Corporation must follow state statute and limit the stated final maturities of the investments to no more than two years.

HAMILTON SOUTHEASTERN SCHOOLS  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Investment Type	Investment Maturities (in Years)		
	Less Than 1	1-2	More Than 2
Repurchase agreements	\$ 31,892,661	-	-

B. Interfund Transfers

Interfund transfers for the years ended June 30, 2006 and 2007, were as follows:

Transfer From	Transfer To	2005-2006	2006-2007
Capital Projects Fund	Rainy Day Fund	\$ 2,000,000	\$ 1,000,000
Debt Service Fund	Transportation Operating Fund	127,541	127,541
Title I 2004-2005 Fund	Title I 2005-2006 Fund	29,583	-
Title I 2005-2006 Fund	Title I 2006-2007 Fund	-	27,789
Totals		\$ 2,157,124	\$ 1,155,330

The School Corporation typically uses transfers for cash flow purposes as provided by various statutory provisions.

IV. Other Information

A. Risk Management

The School Corporation is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; medical benefits to employees, retirees, and dependents (excluding postemployment benefits); and natural disasters.

The risks of torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; medical benefits to employees, retirees, and dependents (excluding postemployment benefits); and natural disasters are covered by commercial insurance from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage for the past three years. There were no significant reductions in insurance by major category of risk.

B. Holding Corporations

The School Corporation has entered into a capital lease with the following (the lessors):

Hamilton Southeastern Consolidated School Building Corporation  
Hamilton Southeastern Cumberland Campus School Building Corporation  
Hamilton Southeastern North Delaware School Building Corporation  
Hamilton Southeastern South Delaware School Building Corporation

HAMILTON SOUTHEASTERN SCHOOLS  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

The lessors were organized as a not-for-profit corporations pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the School Corporation. Lease payments during the years ended June 30, 2006 and 2007, totaled \$28,067,500 and \$34,757,500, respectively.

C. Postemployment Benefits

In addition to the pension benefits described in Note D below, the School Corporation provides postemployment health insurance benefits, as authorized by Indiana Code 5-10-8, to all employees who retire from the School Corporation with at least 15 years of service (or age and all public school teaching years equal to 80), until Medicare eligible (but in no event for more than 6 years). Currently, 39 retirees meet these eligibility requirements. The School Corporation provides a maximum of \$850 per year per eligible retiree for these postemployment benefits. Disbursements for those postemployment benefits are recognized on a pay-as-you-go basis. During the year ended June 30, 2007, disbursements of \$19,550 were recognized for postemployment benefits.

D. Pension Plans

1. Agent Multiple-Employer and Single-Employer Defined Benefit Pension Plan

Public Employees' Retirement Fund

Plan Description

The School Corporation contributes to the Indiana Public Employees' Retirement Fund (PERF), a defined benefit pension plan. PERF is an agent multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All full-time employees are eligible to participate in the defined benefit plan. State statutes (IC 5-10.2 and 5-10.3) govern, through the PERF Board, most requirements of the system and give the School Corporation authority to contribute to the plan. The PERF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of member's contributions, set by state statute at 3% of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

PERF administers the plan and issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole and for its participants. The report may be obtained by contacting:

Public Employees' Retirement Fund  
Harrison Building, Room 800  
143 West Market Street  
Indianapolis, IN 46204  
Ph. (317) 233-4162

Funding Policy and Annual Pension Cost

The contribution requirements of plan members for PERF are established by the Board of Trustees of PERF. The School Corporation's annual pension cost and related information, as provided by the actuary, is presented in this note.

HAMILTON SOUTHEASTERN SCHOOLS  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Actuarial Information for the Above Plan

	PERF
Annual required contribution	\$ 637,674
Interest on net pension obligation	(73,482)
Adjustment to annual required contribution	83,738
Annual pension cost	647,930
Contributions made	701,715
Decrease in net pension obligation	(53,785)
Net pension obligation, beginning of year	(1,013,543)
Net pension obligation, end of year	\$ (1,067,328)
Contribution rates:	
School Corporation	5.75%
Plan members	3%
Actuarial valuation date	07-01-06
Actuarial cost method	Entry age
Amortization method	Level percentage of projected payroll, closed
Amortization period	40 years
Amortization period (from date)	07-01-97
Asset valuation method	75% of expected actuarial value plus 25% of market value

Actuarial Assumptions

Investment rate of return	7.25%
Projected future salary increases:	
Total	5%
Attributed to inflation	4%
Attributed to merit/seniority	1%
Cost-of-living adjustments	2%

Three Year Trend Information

	Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
PERF	06-30-04	\$ 452,163	148%	\$ (884,153)
	06-30-05	523,991	125%	(1,013,543)
	06-30-06	647,930	108%	(1,067,328)

HAMILTON SOUTHEASTERN SCHOOLS  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

2. Cost-Sharing Multiple-Employer Defined Benefit Pension Plan

Teachers' Retirement Fund

Plan Description

The School Corporation contributes to the Indiana Teachers' Retirement Fund (TRF), a defined benefit pension plan. TRF is a cost-sharing multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All employees engaged in teaching or in the supervision of teaching in the public schools of the State of Indiana are eligible to participate in TRF. State statute (IC 5-10.2) governs, through the TRF Board, most requirements of the system and gives the School Corporation authority to contribute to the plan. The TRF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of member's contributions, set by state statute at 3% of compensation, plus the interest credited to the member's account. The School Corporation may elect to make the contributions on behalf of the member.

TRF issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole and for its participants. That report may be obtained by contacting:

Teachers' Retirement Fund  
150 West Market Street  
Indianapolis, IN 46204  
Ph. (317) 232-3860

Funding Policy and Annual Pension Costs

The School Corporation contributes the employer's share to TRF for certified employees employed under a federally funded program and all the certified employees hired after July 1, 1995. The School Corporation currently receives partial funding, through the school funding formula, from the State of Indiana for this contribution. The employer's share of contributions for certified personnel who are not employed under a federally funded program and were hired before July 1, 1995, is considered to be an obligation of, and is paid by, the State of Indiana.

The School Corporation is to contribute at an actuarially determined rate. The current rate has been actuarially determined under the entry age normal cost method to be 8.5% of covered wages. The School Corporation's required contributions to the plan for the fiscal years ended June 30, 2007, 2006, and 2005, were \$2,285,062, \$1,909,293, and \$2,752,950, respectively. The School Corporation actually contributed 100% of the required contribution for each of the fiscal years.

HAMILTON SOUTHEASTERN SCHOOLS  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF FUNDING PROGRESS

Public Employees' Retirement Fund

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Unfunded AAL as a Percentage of Covered Payroll ((a-b)/c)
07-01-04	\$ 5,675,968	\$ 5,689,426	\$ (13,458)	100%	\$ 10,089,053	(0%)
07-01-05	6,196,057	7,098,366	(902,309)	87%	10,561,967	(9%)
07-01-06	7,360,463	7,425,433	(64,970)	99%	11,220,377	(1%)

HAMILTON SOUTHEASTERN SCHOOLS  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,  
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For the Year Ended June 30, 2006

	Special Education Preschool	Food Service	Textbook Rental	Safe Haven Grant	Gifts and Donations	Gifted and Talented
<b>Receipts:</b>						
Local sources	\$ 174,533	\$ 4,517,840	\$ 962,540	\$ -	\$ 122,134	\$ -
State sources	415,042	85,469	56,336	26,630	-	-
Federal sources	-	688,174	-	-	-	-
<b>Total receipts</b>	<b>589,575</b>	<b>5,291,483</b>	<b>1,018,876</b>	<b>26,630</b>	<b>122,134</b>	<b>-</b>
<b>Disbursements:</b>						
<b>Current:</b>						
Instruction	402,426	-	-	-	29,355	5,987
Support services	271,099	5,021,884	1,000,221	36,808	125,746	3,532
Community services	-	-	-	-	3,000	-
Debt services	-	-	-	-	-	-
<b>Total disbursements</b>	<b>673,525</b>	<b>5,021,884</b>	<b>1,000,221</b>	<b>36,808</b>	<b>158,101</b>	<b>9,519</b>
<b>Excess (deficiency) of receipts over disbursements</b>	<b>(83,950)</b>	<b>269,599</b>	<b>18,655</b>	<b>(10,178)</b>	<b>(35,967)</b>	<b>(9,519)</b>
<b>Other financing sources (uses):</b>						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses</b>	<b>(83,950)</b>	<b>269,599</b>	<b>18,655</b>	<b>(10,178)</b>	<b>(35,967)</b>	<b>(9,519)</b>
<b>Cash and investments - beginning</b>	<b>83,950</b>	<b>425,266</b>	<b>122,311</b>	<b>18,578</b>	<b>114,993</b>	<b>9,519</b>
<b>Cash and investments - ending</b>	<b>\$ -</b>	<b>\$ 694,865</b>	<b>\$ 140,966</b>	<b>\$ 8,400</b>	<b>\$ 79,026</b>	<b>\$ -</b>
<b><u>Cash and Investment Assets - Ending</u></b>						
Cash and investments	\$ -	\$ 694,865	\$ 140,966	\$ 8,400	\$ 79,026	\$ -
Restricted assets:						
Cash and investments	-	-	-	-	-	-
<b>Total cash and investment assets - ending</b>	<b>\$ -</b>	<b>\$ 694,865</b>	<b>\$ 140,966</b>	<b>\$ 8,400</b>	<b>\$ 79,026</b>	<b>\$ -</b>
<b><u>Cash and Investment Fund Balance - Ending</u></b>						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	-	694,865	140,966	8,400	79,026	-
<b>Total cash and investment fund balance - ending</b>	<b>\$ -</b>	<b>\$ 694,865</b>	<b>\$ 140,966</b>	<b>\$ 8,400</b>	<b>\$ 79,026</b>	<b>\$ -</b>

HAMILTON SOUTHEASTERN SCHOOLS  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,  
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For the Year Ended June 30, 2006  
 (Continued)

	Gifted and Talented	Non-English Speaking	School Technology	Technology Grant	Indiana School Incentive Awards	Computer High Technology
<b>Receipts:</b>						
Local sources	\$ -	\$ -	\$ 91,392	\$ -	\$ -	\$ -
State sources	32,587	8,632	-	-	-	-
Federal sources	-	-	-	-	-	-
<b>Total receipts</b>	<b>32,587</b>	<b>8,632</b>	<b>91,392</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Disbursements:</b>						
<b>Current:</b>						
Instruction	13,428	11,218	-	-	2,499	-
Support services	17,858	14	358,457	190,643	-	-
Community services	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
<b>Total disbursements</b>	<b>31,286</b>	<b>11,232</b>	<b>358,457</b>	<b>190,643</b>	<b>2,499</b>	<b>-</b>
<b>Excess (deficiency) of receipts over disbursements</b>	<b>1,301</b>	<b>(2,600)</b>	<b>(267,065)</b>	<b>(190,643)</b>	<b>(2,499)</b>	<b>-</b>
<b>Other financing sources (uses):</b>						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses</b>	<b>1,301</b>	<b>(2,600)</b>	<b>(267,065)</b>	<b>(190,643)</b>	<b>(2,499)</b>	<b>-</b>
<b>Cash and investments - beginning</b>	<b>-</b>	<b>6,866</b>	<b>299,848</b>	<b>247,723</b>	<b>4,495</b>	<b>3,965</b>
<b>Cash and investments - ending</b>	<b>\$ 1,301</b>	<b>\$ 4,266</b>	<b>\$ 32,783</b>	<b>\$ 57,080</b>	<b>\$ 1,996</b>	<b>\$ 3,965</b>
<b>Cash and Investment Assets - Ending</b>						
Cash and investments	\$ 1,301	\$ 4,266	\$ 32,783	\$ 57,080	\$ 1,996	\$ 3,965
Restricted assets:						
Cash and investments	-	-	-	-	-	-
<b>Total cash and investment assets - ending</b>	<b>\$ 1,301</b>	<b>\$ 4,266</b>	<b>\$ 32,783</b>	<b>\$ 57,080</b>	<b>\$ 1,996</b>	<b>\$ 3,965</b>
<b>Cash and Investment Fund Balance - Ending</b>						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	1,301	4,266	32,783	57,080	1,996	3,965
<b>Total cash and investment fund balance - ending</b>	<b>\$ 1,301</b>	<b>\$ 4,266</b>	<b>\$ 32,783</b>	<b>\$ 57,080</b>	<b>\$ 1,996</b>	<b>\$ 3,965</b>

HAMILTON SOUTHEASTERN SCHOOLS  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,  
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For the Year Ended June 30, 2006  
 (Continued)

	Expanding World Languages	Coca-Cola	Chinese Visiting Teacher	Title I 2004-2005	Title I 2005-2006	Title V Part A 2005-2006
<b>Receipts:</b>						
Local sources	\$ -	\$ 103,649	\$ -	\$ -	\$ -	\$ -
State sources	-	-	26,600	-	-	-
Federal sources	-	-	-	-	246,942	34,519
<b>Total receipts</b>	<b>-</b>	<b>103,649</b>	<b>26,600</b>	<b>-</b>	<b>246,942</b>	<b>34,519</b>
<b>Disbursements:</b>						
<b>Current:</b>						
Instruction	-	-	-	18,405	127,086	20,628
Support services	2,935	66,350	-	14,166	68,930	-
Community services	-	-	-	(197)	540	-
Debt services	-	-	-	-	-	-
<b>Total disbursements</b>	<b>2,935</b>	<b>66,350</b>	<b>-</b>	<b>32,374</b>	<b>196,556</b>	<b>20,628</b>
<b>Excess (deficiency) of receipts over disbursements</b>	<b>(2,935)</b>	<b>37,299</b>	<b>26,600</b>	<b>(32,374)</b>	<b>50,386</b>	<b>13,891</b>
<b>Other financing sources (uses):</b>						
Transfers in	-	-	-	-	29,583	-
Transfers out	-	-	-	(29,583)	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(29,583)</b>	<b>29,583</b>	<b>-</b>
<b>Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses</b>	<b>(2,935)</b>	<b>37,299</b>	<b>26,600</b>	<b>(61,957)</b>	<b>79,969</b>	<b>13,891</b>
<b>Cash and investments - beginning</b>	<b>2,935</b>	<b>96,982</b>	<b>-</b>	<b>61,957</b>	<b>-</b>	<b>-</b>
<b>Cash and investments - ending</b>	<b>\$ -</b>	<b>\$ 134,281</b>	<b>\$ 26,600</b>	<b>\$ -</b>	<b>\$ 79,969</b>	<b>\$ 13,891</b>
<b><u>Cash and Investment Assets - Ending</u></b>						
Cash and investments	\$ -	\$ 134,281	\$ 26,600	\$ -	\$ 79,969	\$ 13,891
<b>Restricted assets:</b>						
Cash and investments	-	-	-	-	-	-
<b>Total cash and investment assets - ending</b>	<b>\$ -</b>	<b>\$ 134,281</b>	<b>\$ 26,600</b>	<b>\$ -</b>	<b>\$ 79,969</b>	<b>\$ 13,891</b>
<b><u>Cash and Investment Fund Balance - Ending</u></b>						
<b>Restricted for:</b>						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	-	134,281	26,600	-	79,969	13,891
<b>Total cash and investment fund balance - ending</b>	<b>\$ -</b>	<b>\$ 134,281</b>	<b>\$ 26,600</b>	<b>\$ -</b>	<b>\$ 79,969</b>	<b>\$ 13,891</b>

HAMILTON SOUTHEASTERN SCHOOLS  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,  
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For the Year Ended June 30, 2006  
 (Continued)

	Title V 2003-2004	Title V 2004-2005	Stewart Homeless Assistance	Federal Continuing Grant	Federal One Time Grant	Federal Additional Carry Over
<b>Receipts:</b>						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-	-	-
Federal sources	-	-	5,000	104,182	74,731	24,910
<b>Total receipts</b>	<b>-</b>	<b>-</b>	<b>5,000</b>	<b>104,182</b>	<b>74,731</b>	<b>24,910</b>
<b>Disbursements:</b>						
<b>Current:</b>						
Instruction	4,018	27,973	-	99,778	66,748	22,302
Support services	-	-	-	4,404	7,983	2,608
Community services	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
<b>Total disbursements</b>	<b>4,018</b>	<b>27,973</b>	<b>-</b>	<b>104,182</b>	<b>74,731</b>	<b>24,910</b>
Excess (deficiency) of receipts over disbursements	(4,018)	(27,973)	5,000	-	-	-
<b>Other financing sources (uses):</b>						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(4,018)	(27,973)	5,000	-	-	-
Cash and investments - beginning	4,018	28,232	-	-	-	-
Cash and investments - ending	\$ -	\$ 259	\$ 5,000	\$ -	\$ -	\$ -
<b>Cash and Investment Assets - Ending</b>						
Cash and investments	\$ -	\$ 259	\$ 5,000	\$ -	\$ -	\$ -
Restricted assets:						
Cash and investments	-	-	-	-	-	-
<b>Total cash and investment assets - ending</b>	<b>\$ -</b>	<b>\$ 259</b>	<b>\$ 5,000</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Cash and Investment Fund Balance - Ending</b>						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	-	259	5,000	-	-	-
<b>Total cash and investment fund balance - ending</b>	<b>\$ -</b>	<b>\$ 259</b>	<b>\$ 5,000</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

HAMILTON SOUTHEASTERN SCHOOLS  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,  
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For the Year Ended June 30, 2006  
 (Continued)

	Drug Free 2003-2004	Drug Free 2004-2005	Drug Free 2005-2006	High Schools That Work	Hurricane Recovery Grant	Title II Part A
<b>Receipts:</b>						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	2,300	-	-
Federal sources	-	24,000	3,847	5,700	4,000	154,789
<b>Total receipts</b>	<b>-</b>	<b>24,000</b>	<b>3,847</b>	<b>8,000</b>	<b>4,000</b>	<b>154,789</b>
<b>Disbursements:</b>						
<b>Current:</b>						
Instruction	10,833	16,122	-	8,000	4,000	113,471
Support services	-	1,096	-	-	-	67,027
Community services	2,444	305	-	-	-	-
Debt services	-	-	-	-	-	-
<b>Total disbursements</b>	<b>13,277</b>	<b>17,523</b>	<b>-</b>	<b>8,000</b>	<b>4,000</b>	<b>180,498</b>
<b>Excess (deficiency) of receipts over disbursements</b>	<b>(13,277)</b>	<b>6,477</b>	<b>3,847</b>	<b>-</b>	<b>-</b>	<b>(25,709)</b>
<b>Other financing sources (uses):</b>						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses</b>	<b>(13,277)</b>	<b>6,477</b>	<b>3,847</b>	<b>-</b>	<b>-</b>	<b>(25,709)</b>
<b>Cash and investments - beginning</b>	<b>13,277</b>	<b>4,779</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>34,145</b>
<b>Cash and investments - ending</b>	<b>\$ -</b>	<b>\$ 11,256</b>	<b>\$ 3,847</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 8,436</b>
<b>Cash and Investment Assets - Ending</b>						
Cash and investments	\$ -	\$ 11,256	\$ 3,847	\$ -	\$ -	\$ 8,436
Restricted assets:						
Cash and investments	-	-	-	-	-	-
<b>Total cash and investment assets - ending</b>	<b>\$ -</b>	<b>\$ 11,256</b>	<b>\$ 3,847</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 8,436</b>
<b>Cash and Investment Fund Balance - Ending</b>						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	-	11,256	3,847	-	-	8,436
<b>Total cash and investment fund balance - ending</b>	<b>\$ -</b>	<b>\$ 11,256</b>	<b>\$ 3,847</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 8,436</b>

HAMILTON SOUTHEASTERN SCHOOLS  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,  
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For the Year Ended June 30, 2006  
 (Continued)

	Title II Part D	Title III Part A	Indiana Workforce Development 05/06	Taxable Pension Bonds	Construction	Totals
<b>Receipts:</b>						
Local sources	\$ -	\$ -	\$ -	\$ 394,104	\$ -	\$ 6,366,192
State sources	-	-	-	-	-	653,596
Federal sources	2,333	95,448	21,026	-	-	1,489,601
<b>Total receipts</b>	<b>2,333</b>	<b>95,448</b>	<b>21,026</b>	<b>394,104</b>	<b>-</b>	<b>8,509,389</b>
<b>Disbursements:</b>						
<b>Current:</b>						
Instruction	-	97,000	13,679	-	-	1,114,956
Support services	1,100	9,216	7,347	-	-	7,279,424
Community services	-	-	-	-	-	6,092
Debt services	-	-	-	385,824	-	385,824
<b>Total disbursements</b>	<b>1,100</b>	<b>106,216</b>	<b>21,026</b>	<b>385,824</b>	<b>-</b>	<b>8,786,296</b>
Excess (deficiency) of receipts over disbursements	1,233	(10,768)	-	8,280	-	(276,907)
<b>Other financing sources (uses):</b>						
Transfers in	-	-	-	-	-	29,583
Transfers out	-	-	-	-	-	(29,583)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	1,233	(10,768)	-	8,280	-	(276,907)
Cash and investments - beginning	7,308	14,048	-	175,333	7,472	1,788,000
Cash and investments - ending	<u>\$ 8,541</u>	<u>\$ 3,280</u>	<u>\$ -</u>	<u>\$ 183,613</u>	<u>\$ 7,472</u>	<u>\$ 1,511,093</u>
<b>Cash and Investment Assets - Ending</b>						
Cash and investments	\$ 8,541	\$ 3,280	\$ -	\$ -	\$ 7,472	\$ 1,327,480
Restricted assets:						
Cash and investments	-	-	-	183,613	-	183,613
<b>Total cash and investment assets - ending</b>	<b>\$ 8,541</b>	<b>\$ 3,280</b>	<b>\$ -</b>	<b>\$ 183,613</b>	<b>\$ 7,472</b>	<b>\$ 1,511,093</b>
<b>Cash and Investment Fund Balance - Ending</b>						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ 183,613	\$ -	\$ 183,613
Unrestricted	8,541	3,280	-	-	7,472	1,327,480
<b>Total cash and investment fund balance - ending</b>	<b>\$ 8,541</b>	<b>\$ 3,280</b>	<b>\$ -</b>	<b>\$ 183,613</b>	<b>\$ 7,472</b>	<b>\$ 1,511,093</b>

HAMILTON SOUTHEASTERN SCHOOLS  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,  
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For the Year Ended June 30, 2007

	Special Education Preschool	Food Service	Textbook Rental	Safe Haven Grant	Gifts and Donations	Gifted and Talented	Gifted and Talented
<b>Receipts:</b>							
Local sources	\$ 120,421	\$ 5,109,451	\$ 1,030,673	\$ -	\$ 200,194	\$ -	\$ -
State sources	455,753	98,183	64,350	-	-	-	32,587
Federal sources	-	641,318	-	-	-	-	-
Interfund loans	475,000	-	-	-	-	-	-
<b>Total receipts</b>	<b>1,051,174</b>	<b>5,848,952</b>	<b>1,095,023</b>	<b>-</b>	<b>200,194</b>	<b>-</b>	<b>32,587</b>
<b>Disbursements:</b>							
<b>Current:</b>							
Instruction	584,098	-	-	-	18,097	-	22,201
Support services	243,559	5,897,538	1,088,855	8,400	145,341	1,301	9,710
Community services	-	-	-	-	4,200	-	-
Debt services	-	-	-	-	-	-	-
<b>Total disbursements</b>	<b>827,657</b>	<b>5,897,538</b>	<b>1,088,855</b>	<b>8,400</b>	<b>167,638</b>	<b>1,301</b>	<b>31,911</b>
<b>Excess (deficiency) of receipts over disbursements</b>	<b>223,517</b>	<b>(48,586)</b>	<b>6,168</b>	<b>(8,400)</b>	<b>32,556</b>	<b>(1,301)</b>	<b>676</b>
<b>Other financing sources (uses):</b>							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses</b>	<b>223,517</b>	<b>(48,586)</b>	<b>6,168</b>	<b>(8,400)</b>	<b>32,556</b>	<b>(1,301)</b>	<b>676</b>
<b>Cash and investments - beginning</b>	<b>-</b>	<b>694,865</b>	<b>140,966</b>	<b>8,400</b>	<b>79,026</b>	<b>1,301</b>	<b>-</b>
<b>Cash and investments - ending</b>	<b>\$ 223,517</b>	<b>\$ 646,279</b>	<b>\$ 147,134</b>	<b>\$ -</b>	<b>\$ 111,582</b>	<b>\$ -</b>	<b>\$ 676</b>
<b>Cash and Investment Assets - Ending</b>							
Cash and investments	\$ 223,517	\$ 646,279	\$ 147,134	\$ -	\$ 111,582	\$ -	\$ 676
Restricted assets:							
Cash and investments	-	-	-	-	-	-	-
<b>Total cash and investment assets - ending</b>	<b>\$ 223,517</b>	<b>\$ 646,279</b>	<b>\$ 147,134</b>	<b>\$ -</b>	<b>\$ 111,582</b>	<b>\$ -</b>	<b>\$ 676</b>
<b>Cash and Investment Fund Balance - Ending</b>							
Restricted for:							
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	223,517	646,279	147,134	-	111,582	-	676
<b>Total cash and investment fund balance - ending</b>	<b>\$ 223,517</b>	<b>\$ 646,279</b>	<b>\$ 147,134</b>	<b>\$ -</b>	<b>\$ 111,582</b>	<b>\$ -</b>	<b>\$ 676</b>

HAMILTON SOUTHEASTERN SCHOOLS  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,  
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For the Year Ended June 30, 2007  
 (Continued)

	Non-English Speaking	School Technology	Technology Grant	Indiana School Incentive Awards	Computer High Tech	Coca-Cola	Teacher of Year Fellowship
<b>Receipts:</b>							
Local sources	\$ -	\$ 83,306	\$ -	\$ -	\$ -	\$ 125,359	\$ -
State sources	10,339	-	-	-	-	-	66,603
Federal sources	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-
<b>Total receipts</b>	<b>10,339</b>	<b>83,306</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>125,359</b>	<b>66,603</b>
<b>Disbursements:</b>							
<b>Current:</b>							
Instruction	9,890	-	-	671	-	-	-
Support services	77	59,850	57,080	-	3,965	132,673	-
Community services	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
<b>Total disbursements</b>	<b>9,967</b>	<b>59,850</b>	<b>57,080</b>	<b>671</b>	<b>3,965</b>	<b>132,673</b>	<b>-</b>
<b>Excess (deficiency) of receipts over disbursements</b>	<b>372</b>	<b>23,456</b>	<b>(57,080)</b>	<b>(671)</b>	<b>(3,965)</b>	<b>(7,314)</b>	<b>66,603</b>
<b>Other financing sources (uses):</b>							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses</b>	<b>372</b>	<b>23,456</b>	<b>(57,080)</b>	<b>(671)</b>	<b>(3,965)</b>	<b>(7,314)</b>	<b>66,603</b>
<b>Cash and investments - beginning</b>	<b>4,266</b>	<b>32,783</b>	<b>57,080</b>	<b>1,996</b>	<b>3,965</b>	<b>134,281</b>	<b>-</b>
<b>Cash and investments - ending</b>	<b>\$ 4,638</b>	<b>\$ 56,239</b>	<b>\$ -</b>	<b>\$ 1,325</b>	<b>\$ -</b>	<b>\$ 126,967</b>	<b>\$ 66,603</b>
<b>Cash and Investment Assets - Ending</b>							
Cash and investments	\$ 4,638	\$ 56,239	\$ -	\$ 1,325	\$ -	\$ 126,967	\$ 66,603
Restricted assets:							
Cash and investments	-	-	-	-	-	-	-
<b>Total cash and investment assets - ending</b>	<b>\$ 4,638</b>	<b>\$ 56,239</b>	<b>\$ -</b>	<b>\$ 1,325</b>	<b>\$ -</b>	<b>\$ 126,967</b>	<b>\$ 66,603</b>
<b>Cash and Investment Fund Balance - Ending</b>							
Restricted for:							
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	4,638	56,239	-	1,325	-	126,967	66,603
<b>Total cash and investment fund balance - ending</b>	<b>\$ 4,638</b>	<b>\$ 56,239</b>	<b>\$ -</b>	<b>\$ 1,325</b>	<b>\$ -</b>	<b>\$ 126,967</b>	<b>\$ 66,603</b>

HAMILTON SOUTHEASTERN SCHOOLS  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,  
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For the Year Ended June 30, 2007  
 (Continued)

	Chinese Visiting Teacher	Title I 2005-2006	Title I 2006-2007	Title V Part A 2005-2006	Title V 2006-2007	Title V 2004-2005	Stewart Homeless Assistance
<b>Receipts:</b>							
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-	-	-	-
Federal sources	-	-	292,854	-	18,568	-	-
Interfund loans	-	-	-	-	-	-	-
<b>Total receipts</b>	<b>-</b>	<b>-</b>	<b>292,854</b>	<b>-</b>	<b>18,568</b>	<b>-</b>	<b>-</b>
<b>Disbursements:</b>							
<b>Current:</b>							
Instruction	26,600	30,267	174,010	13,772	10,065	259	-
Support services	-	21,914	88,610	-	-	-	5,000
Community services	-	-	398	-	-	-	-
Debt services	-	-	-	-	-	-	-
<b>Total disbursements</b>	<b>26,600</b>	<b>52,181</b>	<b>263,018</b>	<b>13,772</b>	<b>10,065</b>	<b>259</b>	<b>5,000</b>
<b>Excess (deficiency) of receipts over disbursements</b>	<b>(26,600)</b>	<b>(52,181)</b>	<b>29,836</b>	<b>(13,772)</b>	<b>8,503</b>	<b>(259)</b>	<b>(5,000)</b>
<b>Other financing sources (uses):</b>							
Transfers in	-	-	27,789	-	-	-	-
Transfers out	-	(27,789)	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>(27,789)</b>	<b>27,789</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses</b>	<b>(26,600)</b>	<b>(79,970)</b>	<b>57,625</b>	<b>(13,772)</b>	<b>8,503</b>	<b>(259)</b>	<b>(5,000)</b>
<b>Cash and investments - beginning</b>	<b>26,600</b>	<b>79,969</b>	<b>-</b>	<b>13,891</b>	<b>-</b>	<b>259</b>	<b>5,000</b>
<b>Cash and investments - ending</b>	<b>\$ -</b>	<b>\$ (1)</b>	<b>\$ 57,625</b>	<b>\$ 119</b>	<b>\$ 8,503</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Cash and Investment Assets - Ending</b>							
Cash and investments	\$ -	\$ (1)	\$ 57,625	\$ 119	\$ 8,503	\$ -	\$ -
Restricted assets:							
Cash and investments	-	-	-	-	-	-	-
<b>Total cash and investment assets - ending</b>	<b>\$ -</b>	<b>\$ (1)</b>	<b>\$ 57,625</b>	<b>\$ 119</b>	<b>\$ 8,503</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Cash and Investment Fund Balance - Ending</b>							
Restricted for:							
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	-	(1)	57,625	119	8,503	-	-
<b>Total cash and investment fund balance - ending</b>	<b>\$ -</b>	<b>\$ (1)</b>	<b>\$ 57,625</b>	<b>\$ 119</b>	<b>\$ 8,503</b>	<b>\$ -</b>	<b>\$ -</b>

HAMILTON SOUTHEASTERN SCHOOLS  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,  
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For the Year Ended June 30, 2007  
 (Continued)

	Federal Additional Carry Over	Federal Grant Part B/IAS	Drug Free 2004-2005	Drug Free 2005-2006	Drug Free 2006-2007	Hurricane Recovery Grant	Title II Part A
<b>Receipts:</b>							
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-	-	-	-
Federal sources	91,175	465,520	-	28,000	2,033	8,000	169,657
Interfund loans	-	-	-	-	-	-	-
<b>Total receipts</b>	<b>91,175</b>	<b>465,520</b>	<b>-</b>	<b>28,000</b>	<b>2,033</b>	<b>8,000</b>	<b>169,657</b>
<b>Disbursements:</b>							
<b>Current:</b>							
Instruction	64,270	336,737	8,473	19,130	-	8,000	96,789
Support services	13,680	83,431	-	-	-	-	47,492
Community services	-	-	2,783	500	-	-	-
Debt services	-	-	-	-	-	-	-
<b>Total disbursements</b>	<b>77,950</b>	<b>420,168</b>	<b>11,256</b>	<b>19,630</b>	<b>-</b>	<b>8,000</b>	<b>144,281</b>
<b>Excess (deficiency) of receipts over disbursements</b>	<b>13,225</b>	<b>45,352</b>	<b>(11,256)</b>	<b>8,370</b>	<b>2,033</b>	<b>-</b>	<b>25,376</b>
<b>Other financing sources (uses):</b>							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses</b>	<b>13,225</b>	<b>45,352</b>	<b>(11,256)</b>	<b>8,370</b>	<b>2,033</b>	<b>-</b>	<b>25,376</b>
<b>Cash and investments - beginning</b>	<b>-</b>	<b>-</b>	<b>11,256</b>	<b>3,847</b>	<b>-</b>	<b>-</b>	<b>8,436</b>
<b>Cash and investments - ending</b>	<b>\$ 13,225</b>	<b>\$ 45,352</b>	<b>\$ -</b>	<b>\$ 12,217</b>	<b>\$ 2,033</b>	<b>\$ -</b>	<b>\$ 33,812</b>
<b>Cash and Investment Assets - Ending</b>							
Cash and investments	\$ 13,225	\$ 45,352	\$ -	\$ 12,217	\$ 2,033	\$ -	\$ 33,812
Restricted assets:							
Cash and investments	-	-	-	-	-	-	-
<b>Total cash and investment assets - ending</b>	<b>\$ 13,225</b>	<b>\$ 45,352</b>	<b>\$ -</b>	<b>\$ 12,217</b>	<b>\$ 2,033</b>	<b>\$ -</b>	<b>\$ 33,812</b>
<b>Cash and Investment Fund Balance - Ending</b>							
Restricted for:							
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	13,225	45,352	-	12,217	2,033	-	33,812
<b>Total cash and investment fund balance - ending</b>	<b>\$ 13,225</b>	<b>\$ 45,352</b>	<b>\$ -</b>	<b>\$ 12,217</b>	<b>\$ 2,033</b>	<b>\$ -</b>	<b>\$ 33,812</b>

HAMILTON SOUTHEASTERN SCHOOLS  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,  
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For the Year Ended June 30, 2007  
 (Continued)

	Title II Part D	Title III Part A	Indiana Workforce Development 2005-2006	Indiana Workforce Development 2006-2007	Taxable Pension Bonds	Construction	Totals
<b>Receipts:</b>							
Local sources	\$ -	\$ -	\$ -	\$ -	\$ 275,788	\$ -	\$ 6,945,192
State sources	-	-	-	-	-	-	727,815
Federal sources	2,400	171,406	48,968	11,930	-	-	1,951,829
Interfund loans	-	-	-	-	-	-	475,000
<b>Total receipts</b>	<b>2,400</b>	<b>171,406</b>	<b>48,968</b>	<b>11,930</b>	<b>275,788</b>	<b>-</b>	<b>10,099,836</b>
<b>Disbursements:</b>							
<b>Current:</b>							
Instruction	-	98,391	12,017	5,847	-	-	1,539,584
Support services	8,541	19,622	36,951	6,082	-	-	7,979,672
Community services	-	-	-	-	-	-	7,881
Debt services	-	-	-	-	392,062	-	392,062
<b>Total disbursements</b>	<b>8,541</b>	<b>118,013</b>	<b>48,968</b>	<b>11,929</b>	<b>392,062</b>	<b>-</b>	<b>9,919,199</b>
Excess (deficiency) of receipts over disbursements	(6,141)	53,393	-	1	(116,274)	-	180,637
<b>Other financing sources (uses):</b>							
Transfers in	-	-	-	-	-	-	27,789
Transfers out	-	-	-	-	-	-	(27,789)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(6,141)	53,393	-	1	(116,274)	-	180,637
Cash and investments - beginning	8,541	3,280	-	-	183,613	7,472	1,511,093
Cash and investments - ending	<u>\$ 2,400</u>	<u>\$ 56,673</u>	<u>\$ -</u>	<u>\$ 1</u>	<u>\$ 67,339</u>	<u>\$ 7,472</u>	<u>\$ 1,691,730</u>
<b>Cash and Investment Assets - Ending</b>							
Cash and investments	\$ 2,400	\$ 56,673	\$ -	\$ 1	\$ -	\$ 7,472	\$ 1,624,391
Restricted assets:							
Cash and investments	-	-	-	-	67,339	-	67,339
<b>Total cash and investment assets - ending</b>	<b>\$ 2,400</b>	<b>\$ 56,673</b>	<b>\$ -</b>	<b>\$ 1</b>	<b>\$ 67,339</b>	<b>\$ 7,472</b>	<b>\$ 1,691,730</b>
<b>Cash and Investment Fund Balance - Ending</b>							
Restricted for:							
Debt service	\$ -	\$ -	\$ -	\$ -	\$ 67,339	\$ -	\$ 67,339
Unrestricted	2,400	56,673	-	1	-	7,472	1,624,391
<b>Total cash and investment fund balance - ending</b>	<b>\$ 2,400</b>	<b>\$ 56,673</b>	<b>\$ -</b>	<b>\$ 1</b>	<b>\$ 67,339</b>	<b>\$ 7,472</b>	<b>\$ 1,691,730</b>

HAMILTON SOUTHEASTERN SCHOOLS  
SUPPLEMENTARY INFORMATION  
SCHEDULE OF CAPITAL ASSETS

For The Year Ended June 30, 2007

Capital assets are reported at actual or estimated historical cost based on appraisals or deflated current replacement cost. Contributed or donated assets are reported at estimated fair value at the time received.

<u>Primary Government</u>	<u>Ending Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Land	\$ 17,993,679
Buildings	383,636,837
Machinery and equipment	<u>26,756,693</u>
Total governmental activities, capital assets not being depreciated	<u>\$ 428,387,209</u>

HAMILTON SOUTHEASTERN SCHOOLS  
 SUPPLEMENTARY INFORMATION  
 SCHEDULE OF LONG-TERM DEBT  
 For The Year Ended June 30, 2007

The unit type has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental Activities:		
Capital leases:	\$ 318,766,661	\$ 33,942,085
Notes and loans payable	187,500	83,438
Bonds payable		
General obligation bonds:	<u>4,405,000</u>	<u>387,310</u>
Total governmental activities debt	<u>\$ 323,359,161</u>	<u>\$ 34,412,833</u>

HAMILTON SOUTHEASTERN SCHOOLS  
AUDIT RESULT AND COMMENT

DISBURSEMENT DOCUMENTATION

Hamilton Southeastern Schools (School Corporation) maintains a revolving charge card account with Marsh Supermarkets for various supplies needed for public meetings. Information presented by School Corporation personnel, identified three specific employees that were authorized to make periodic charges on this account. School Corporation officials contacted the State Board of Accounts in February 2007, regarding 8 Marsh charge card payments which contained questionable purchases, totaling \$515.55. Following a subsequent review by the State Board of Accounts, an additional 12 Marsh charge card payments were identified which contained questionable purchases, totaling \$1,143.57. All of the questionable purchases were identified as having been made during the period November 22, 2005 through February 10, 2007, and included purchases that School Corporation officials noted were not for allowable purposes and/or the register receipts detail for some of the charges were not legible (either due to holes/rips or ink smeared or obliterated). A review of the questioned charges identified above, disclosed that all questioned charges were made by Lisa White, secretary to the Superintendent, and appeared to be personal in nature.

Lisa White resigned effective February 15, 2007, and made restitution, in the amount of \$1,659.12 (\$515.55 plus \$1,143.57), to the School Corporation on March 20, 2007. (See Summary, page 49)

Supporting documentation such as receipts, canceled checks, tickets, invoices, bills, contracts, and other public records must be available for audit to provide supporting information for the validity and accountability of monies disbursed. Payments without supporting documentation may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

Public funds may not be used to pay for personal items or for expenses which do not relate to the functions and purposes of the governmental unit. Any personal expenses paid by the governmental unit may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

SUPPLEMENTAL AUDIT OF  
FEDERAL AWARDS



# STATE OF INDIANA

AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS  
302 WEST WASHINGTON STREET  
ROOM E418  
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513  
Fax: (317) 232-4711  
Web Site: [www.in.gov/sboa](http://www.in.gov/sboa)

## INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

TO: THE OFFICIALS OF THE HAMILTON SOUTHEASTERN  
SCHOOLS, HAMILTON COUNTY, INDIANA

### Compliance

We have audited the compliance of the Hamilton Southeastern Schools (School Corporation) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the years ended June 30, 2006 and 2007. The School Corporation's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the School Corporation's management. Our responsibility is to express an opinion on the School Corporation's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the School Corporation's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the School Corporation's compliance with those requirements.

In our opinion, the School Corporation complied in all material respects with the requirements referred to above that are applicable to each of its major federal programs for the years ended June 30, 2006 and 2007.

### Internal Control Over Compliance

The management of the School Corporation is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the School Corporation's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School Corporation's internal control over compliance.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER  
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133  
(Continued)

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the entity's internal control that might be significant deficiencies or material weaknesses as defined below.

A control deficiency in a School Corporation's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be significant deficiencies or material weaknesses, as defined above.

This report is intended solely for the information and use of the School Corporation's management, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

February 4, 2008

HAMILTON SOUTHEASTERN SCHOOLS  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For The Years Ended June 30, 2006 and 2007

Federal Grantor Agency/Pass-Through Entity Cluster Title/Program Title/Project Title	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended 06-30-06	Total Federal Awards Expended 06-30-07
<b>U.S. DEPARTMENT OF AGRICULTURE</b>				
Pass -Through Indiana Department of Education				
Child Nutrition Cluster				
School Breakfast Program	10.553	FY 2005/2006	\$ 5,845	\$ -
		FY 2006/2007	-	4,287
National School Lunch Program	10.555	FY 2005/2006	839,569	-
		FY 2006/2007	-	990,481
Team Nutrition Grants	10.574	FY 2005/2006	815	-
Total for federal grantor agency			<u>846,229</u>	<u>994,768</u>
<b>U.S. DEPARTMENT OF EDUCATION</b>				
Pass-Through Indiana Department of Education				
Title I Grants to Local Educational Agencies				
	84.010	05-3005	32,373	-
		06-3005	196,556	52,180
		07-3005	-	263,018
Total for program			<u>228,929</u>	<u>315,198</u>
Pass-Through Hamilton-Boone-Madison Special Services Cooperative				
Special Education - Grants to States				
	84.027	14205-025-PY02	99,641	-
		14206-025-PN01	104,182	-
		14206-025-PY02	-	77,950
		14207-025-PN01	-	420,167
Total for program			<u>203,823</u>	<u>498,117</u>
Pass-Through Indiana Department of Workforce Development				
Vocational Education - Basic Grants to States				
Project Lead the Way	84.048	05-1303-3005	5,700	-
Pass-Through Indiana Department of Education				
Safe and Drug Free Schools and Communities - State Grants				
	84.186	03-101	13,277	-
		04-014	17,523	11,256
		05-184	-	19,630
Total for program			<u>30,800</u>	<u>30,886</u>
Pass-Through Indiana Department of Workforce Development				
Tech-Prep Education				
	84.243	TP-5-271	21,026	48,968
		TP-6-271	-	11,930
Total for program			<u>21,026</u>	<u>60,898</u>
Pass-Through Indiana Department of Education				
State Grants for Innovative Programs				
	84.298	03-161	4,018	-
		04-130	27,972	260
		05-224	20,628	13,772
		06-3006	-	10,065
Total for program			<u>52,618</u>	<u>24,097</u>

The accompanying notes are an integral part of the Schedule of Expenditures of Federal Awards.

HAMILTON SOUTHEASTERN SCHOOLS  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For The Years Ended June 30, 2006 and 2007  
(Continued)

Federal Grantor Agency/Pass-Through Entity Cluster Title/Program Title/Project Title	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended 06-30-06	Total Federal Awards Expended 06-30-07
<u>U.S. DEPARTMENT OF EDUCATION (continued)</u>				
Pass-Through Indiana Department of Education (continued)				
Education Technology State Grants	84.318	FY 03/05 FY 05/07	1,100 -	- 8,541
Total for program			<u>1,100</u>	<u>8,541</u>
English Language Acquisition Grants Title III, Part A	84.365	FY 04/05 FY 05/06 FY 06/07	15,011 91,163 -	- 4,285 113,728
Total for program			<u>106,174</u>	<u>118,013</u>
Improving Teacher Quality State Grants	84.367	03-234 04-167 05-244 06-3005	333 154,789 25,376 -	- - 129,528 15,578
Total for program			<u>180,498</u>	<u>145,106</u>
Hurricane Education Recovery	84.938	FY 05/06 FY 06/07	4,000 -	- 8,000
Total for program			<u>4,000</u>	<u>8,000</u>
Total for federal grantor agency			<u>834,668</u>	<u>1,208,856</u>
<u>U.S. DEPARTMENT OF HOMELAND SECURITY</u>				
Pass-Through Indiana Department of Homeland Security Disaster Grants - Public Assistance	97.036	Disaster #3274	-	42,526
Total federal awards expended			<u>\$ 1,680,897</u>	<u>\$ 2,246,150</u>

The accompanying notes are an integral part of the Schedule of Expenditures of Federal Awards.

HAMILTON SOUTHEASTERN SCHOOLS  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

I. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Hamilton Southeastern Schools (School Corporation) and is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Accordingly, the amount of federal awards expended is based on when the activity related to the award occurs. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Circular A-133 requires an annual audit of nonfederal entities expending a total amount of federal awards equal to or in excess of \$500,000 in any fiscal year unless by constitution or statute a less frequent audit is required. In accordance with the Indiana Code (IC 5-11-1 et seq.), audits of school corporations shall be conducted biennially. Such audits shall include both years within the biennial period.

II. Noncash Assistance

The School Corporation expended the following amount of noncash assistance for the years ending June 30, 2006 and 2007. This noncash assistance is also included in the federal expenditures presented in the schedule.

Program Title	Federal CFDA Number	2005-2006	2006-2007
School breakfast program	10.553	\$ 1,546	\$ 1,022
National school lunch program	10.555	218,236	239,064

HAMILTON SOUTHEASTERN SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I – Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weaknesses identified?	no
Reportable conditions identified that are not considered to be material weaknesses?	none reported

Noncompliance material to financial statements noted? no

Federal Awards:

Internal control over major programs:

Material weaknesses identified?	no
Reportable conditions identified that are not considered to be material weaknesses?	none reported

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? no

Identification of Major Programs:

CFDA Number	Name of Federal Program or Cluster
84.027	Special Education – Grants to States
84.367	Improving Teacher Quality State Grants

Dollar threshold used to distinguish between Type A and Type B programs: \$300,000

Auditee qualified as low-risk auditee? yes

Section II – Financial Statement Findings

No matters are reportable.

Section III – Federal Award Findings and Questioned Costs

No matters are reportable.

HAMILTON SOUTHEASTERN SCHOOLS  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No matters are reportable.

HAMILTON SOUTHEASTERN SCHOOLS  
EXIT CONFERENCE

The contents of this report were discussed on February 20, 2008, with Concetta A. Raimondi, Superintendent of Schools; Jeffrey Sturgis, President of the School Board; Michael Reuter, Treasurer; and Cecilie Nunn, Deputy Treasurer.

(This page intentionally left blank.)

HAMILTON SOUTHEASTERN SCHOOLS  
SUMMARY

	Charges	Credits	Balance Due
Lisa White, former Secretary to the Superintendent:			
Disbursement Documentation, page 38	\$ 1,659.12	\$	\$
Restitution to School Corporation by Lisa White, former Secretary to the Superintendent, March 20, 2007		1,659.12	-
Totals	\$ 1,659.12	\$ 1,659.12	\$ -